



Canada Revenue
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Agence du revenu
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Public attitudes towards tax avoidance and evasion conducted by High Net Worth Individuals (HNWI)

Executive summary

Prepared for the Canada Revenue Agency

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Canada

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September 2022

The Canada Revenue Agency (CRA) commissioned Environics Research to conduct a quantitative telephone (CATI) survey of 1,600 Canadians, 18 years of age and over to explore Canadian public attitudes on the perceived prevalence of non-compliance among high net worth individuals and related entities in the Canadian context and perceptions around the possible consequences involved.

Cette publication est aussi disponible en français sous le titre : Attitudes du public à l'égard de l'évitement fiscal et de l'évasion fiscale des particuliers fortunés.

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Executive summary

1. Background and objectives

Canada has one of the highest voluntary tax compliance rates in the world, but despite this there is a segment of high net worth individuals who use various strategies of tax avoidance and evasion to avoid paying what they owe. (NB: “Tax avoidance” is when someone dodges paying their taxes through schemes that may be technically legal but that push the limits of the law and could still lead to legal trouble. “Tax evasion” is when someone illegally hides income or assets or lies to deliberately avoid paying taxes. Tax evasion can lead to fines or even jail time.)

One of the core mandates of the Canada Revenue Agency (CRA) is ensuring that people and businesses appropriately report and pay the taxes that they owe. The CRA sought to better understand Canadian public perception of tax avoidance and evasion among HNWIs and related entities in the Canadian context, awareness of possible consequences, perceptions of the CRA’s effectiveness in addressing tax avoidance and evasion, and awareness and likelihood to participate in the Offshore Tax Informant Program. The results of the research will serve as baseline indicators, which can allow for measuring the impact of efforts under the High Net Worth Compliance Directorate’s 2022-2023 Strategic Plan.

2. Key findings

Perception of prevalence and impact of tax avoidance and evasion

- Four-in-ten (42%) Canadians believe tax avoidance and evasion has become more of a problem over the past couple of years.
- Canadians see two main types of problems with tax avoidance and evasion by wealthy individuals: One set of problems include that it is unfair (24%), illegal (11%), immoral (8%) or causes class divides (5%). Another set of problems identified include that it causes others to have to pay higher taxes (22%), causes a loss of revenue for governments (21%), causes spending and service cuts (8%) and that affects the economy and social benefits (6%). Just six percent feel it is not a problem at all.

CRA performance when it comes to High Net Worth Individuals (HNWIs)

- A slight majority of Canadians think the CRA does an excellent or good job at ensuring individuals pay the taxes they owe (51%); this proportion drops by half when asked about the job the CRA does in making sure wealthy Canadians pay their fair share of taxes (26%) or that large corporations pay the taxes they owe (25%).
- The vast majority agree that the CRA needs to pursue HNWI tax avoiders/evaders and eliminate the tax loopholes they use (90%) and that tax avoidance and evasion by the wealthy leads to higher taxes for everyone else (82%). Three-quarters also agree that the wealthy will always find a way to avoid paying their taxes, no matter what the CRA does (74%). A majority (54%) disagree with the notion that there is nothing wrong with wealthy people finding legal ways to pay as little tax as possible.

- To a majority of Canadians, the CRA identifying and taking action on a multi-million-dollar scheme (57%) and developing new technologies for auditors (55%) have the most positive impact on their opinions of the organization's efforts
- Just over half believe the CRA is putting too little effort into detecting tax evasion by the wealthy (53%), three in ten say CRA is putting the right amount of effort into this (29%). Only five percent believe the CRA is doing too much.

Offshore Tax Informant Program (OTIP)

- There is very low awareness of the Offshore Tax Informant Program (OTIP) with only one in ten Canadians (11%) saying they had heard of it prior to the survey. The OTIP offers financial rewards to individuals who provide information on major international tax evasion and aggressive tax avoidance that leads to the collection of taxes owing.
- Fifty-eight percent of Canadians say they would feel comfortable coming forward if they had information on someone involved in major offshore tax evasion, while thirty-seven percent would not.
- The main reason some people would be uncomfortable coming forward to the OTIP is fear of retribution from the person being informed on (31%); others mention feeling it is none of their business (14%), not knowing all the facts (12%), not wanting to be a "snitch" (11%) or feeling it would be too much trouble (10%).
- About half of Canadians would be more likely to come forward with offshore tax evasion information if done by a large corporation (52%) or by an accountant (47%) and just over four in ten would also be more likely to inform on a wealthy person (43%); Canadians are more divided in the case of informing on tax evasion by a middle-class person with 22 percent saying they would be more likely to inform on them, 25 percent saying they would be less likely and 46 percent saying it would make no difference to them.

Awareness of penalties and consequences

- While half of Canadians believe wealthier people should face heavier penalties for tax evasion/avoidance, four in ten feel that everyone should face the same penalty regardless of income (38%). An additional ten percent say it should depend on the amount of tax involved.
- Most Canadians feel that financial advisors should be held accountable for helping wealthier people avoid taxes, either by facing the same (54%) or heavier penalties (35%) than their clients.

3. Methodology

Environics Research conducted a quantitative computer assisted telephone interview (CATI) survey of 1,601 Canadians, 18 years of age and over. The telephone survey was a probability sample.

The sample was stratified by region as outlined below and the margins of error at the 95% confidence level is also provided.

Region	Actual share of population (Census 2021)	Unweighted Sample	Margin of Error*
Atlantic Canada	7%	160	+/- 7.7
Quebec	23%	401	+/- 4.9
Ontario/Nunavut	38%	480	+/- 4.5
Prairies/NWT	18%	320	+/- 5.5
B.C./Yukon	14%	240	+/- 6.3
CANADA	100%	1,601	+/- 2.4

* In percentage points, at the 95% confidence level

More information about the methodology for this survey is included in Appendix A of the final report.

4. Cost of research

The cost of this research was \$98,672.39 (HST included).

5. Political neutrality statement and contact information

I hereby certify as a senior officer of Environics that the deliverables fully comply with the Government of Canada political neutrality requirements outlined in the Communications Policy of the Government of Canada, and Procedures for Planning and Contracting Public Opinion Research. Specifically, the deliverables do not include information on electoral voting intentions, political party preferences, standings with the electorate, or ratings of the performance of a political party or its leaders.

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